

Caution: DRAFT FORM

This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

Name

Employer identification number

Part I 2004 Passive Activity Loss**Caution:** See the instructions and complete Worksheets 1 and 2 on page 6 before completing Part I.

1a	Current year income (from Worksheet 2, column (a))	1a			
b	Current year deductions and losses (from Worksheet 2, column (b))	1b	()
c	Prior year unallowed losses (from Worksheet 2, column (c))	1c	()
d	Combine lines 1a, 1b, and 1c. If the result is net income or zero, see page 7 of the instructions	1d			
2	Closely held corporations enter net active income and see page 7 of the instructions. Personal service corporations enter -0- on this line	2			
3	Unallowed passive activity deductions and losses. Combine lines 1d and 2. If the result is net income or zero, see the instructions for lines 1d and 3 on page 7. Otherwise, go to line 4	3			
4	Total deductions and losses allowed. Add the income, if any, on lines 1a and 2 and enter the result (see page 7 of the instructions).	4			

Part II 2004 Passive Activity Credits**Caution:** See the instructions and complete Worksheet 5 on page 10 before completing Part II.

5a	Current year credits (from Worksheet 5, column (a))	5a			
b	Prior year unallowed credits (from Worksheet 5, column (b))	5b			
6	Add lines 5a and 5b	6			
7	Enter the tax attributable to net passive income and net active income (see page 10 of the instructions).	7			
8	Unallowed passive activity credit. Subtract line 7 from line 6. If the result is zero or less, enter -0-	8			
9	Allowed passive activity credit. Subtract line 8 from line 6 (see page 10 of the instructions).	9			

Part III Election To Increase Basis of Credit Property

- 10** If the corporation disposed of its entire interest in a passive activity or former passive activity in a fully taxable transaction, and the corporation elects to increase the basis of credit property used in that activity by the unallowed credit that reduced the property's basis, check this box (see page 10 of the instructions) ► ☐
- 11** Name of passive activity disposed of ►
- 12** Description of the credit property for which the election is being made ►
- 13** Amount of unallowed credit that reduced the property's basis ► \$

